NORTH CENTRAL REGIONAL TRANSIT DISTRICT (NCRTD)
FINANCE SUBCOMMITTEE

August 22, 2014
9:00 a.m. - 11:00 a.m.

Executive Conference Room
1327 N. Riverside Drive
Espanola, NM 87532

AGENDA

CALL TO ORDER: Tim Vigil, Chair

Roll Call:

ITEMS FOR DISCUSSION/RECOMMENDATION

A. **Fiscal Year 2014 Audit Entrance Conference with Hinkle and Landers**
Sponsor: Anthony Mortillaro, NCRTD Executive Director and Glenda Aragon, Finance Director.
No Attachment.

B. **Discussion and Review of Quarterly Investment Report**
Sponsor: Anthony Mortillaro, NCRTD Executive Director and Glenda Aragon, Finance Director.
Attachment.

C. **Minutes from May 23, 2014**
Draft Minutes.

MATTERS FROM THE SUBCOMMITTEE

ADJOURN

If you are an individual with a disability who is in need of a reader, amplifier, qualified sign language Interpreter, or any other form of auxiliary aid or service to attend or participate in the hearing of the meeting, please contact the NCRTD Executive Assistant at 505-629-4702 at least one week prior to the meeting, or as soon as possible. Public documents, including the agenda and minutes, can be provided in various accessible formats.

Memorandum

To: Finance Committee
From: Glenda Aragon, Finance Director
Thru: Anthony J. Mortillaro, Executive Director
Date: August 14, 2014
Re: **Investment of District Funds and the State of New Mexico Local Government Investment Pool Report summary.**

Background:

The NCRTD began recently participating in the LGIP government investment fund, known as the New MexiGROW Local Government Investment Pool or LGIP, and Other Certificate of Deposits from Local and surrounding banks in New Mexico. The NCRTD established the short-term investments (no more than 12 months) throughout various FDIC insured institutions in the state of New Mexico. The total amount set for investment totaled approximately $5,975,492.

Summary:

- As of June 30, 2014, the total Investment inclusive of interest revenue is $5,981,186, with a total earning of $5,693.95 since the accounts have been established and began earning interest.
- The average rate of return is .325% with and average earned income of $356.
- The highest earned income is .70% with US New Mexico FCU for a 6 month term earning the district a total of $598.10 in interest.
- The current Quarter from April-June of 2014 earned a total of $3,466 in interest.
- Last Fiscal Year (FY2013) the district generated approximately $3,377.

	Amount Invested YTD	Earnings	% of portfolio
LGIP	1,901,978.68	685.68	32%
3-5 month CD	1,000,718.07	718.07	17%
6-8 month CD	1,251,782.09	1,782.09	21%
9-11 month CD	750,934.81	934.81	13%
12 month CD	1,075,772.30	1,573.30	18%
Total	**$ 5,981,185.95**	**5,693.95**	

Average Rate of Return	0.325%
Current Quarterly Earnings April-June 2014	3,466.41
Fiscal YTD Earnings	5,693.95
Fiscal YTD Earnings + Investment	**$ 5,981,185.95**

The District investment strategy is passive. Given this strategy, the Finance Director and Executive Director has determined the market yields are being achieved by comparing the average District portfolio yield to the 90 day U.S. Treasury Bill in which as of June 30, 2014 the 91 day rates are paying at .04%, the District is averaging a rate of return at .325%

Recommendation:

It is recommended that the Finance Committee discuss and review the information presented in relation to the LGIP and District Division of Certificate of Deposit Investments report, and recommend that the Board of Directors review the information presented.

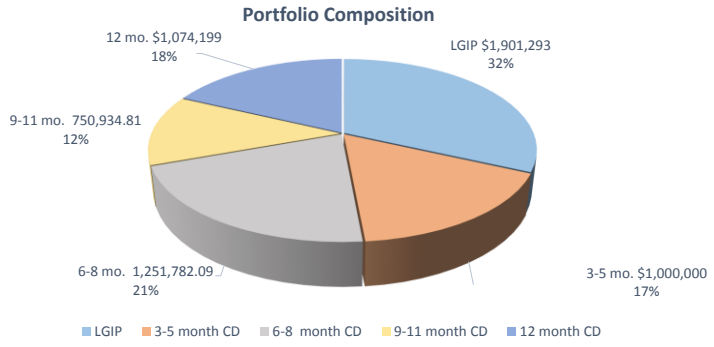
Attachment:

- NCRTD Investment Report as of June 30, 2014

North Central Regional Transit District
Certificate of Deposit Report
14-Aug-14

Current CD investments

	Date opened	Term/mos	Expiration	Rate	Amount invested	Earnings 3.31.14	Total overall	Earnings 6.30.14	Investment Balance 6/30/14
12 months									
Los Alamos National Bank	3/6/2014	12	3/6/2015	0.40%	574,199.00	264.34	780.8	516.46	574,979.80
									-
State Employees Credit Union	2/28/2014	12	2/28/2015	0.55%	250,000.00	137.50	463.52	326.02	250,463.52
									-
Washington Federal Bank	2/27/2014	12	2/27/2015	0.40%	250,000.00	79.46	328.98	249.52	250,328.98
			Average rate	**0.45%**	**1,074,199.00**	**481.30**	**$ 1,573.30**	**$ 1,092.00**	**$ 1,075,772.30**
									-
9-11 months									-
Los Alamos National Bank	3/6/2014	9	12/1/2014	0.35%	250,000.00	100.70	297.43	196.73	250,297.43
								-	-
Los Alamos National Bank	3/6/2014	10	12/31/2014	0.35%	250,000.00	100.70	297.43	196.73	250,297.43
								-	-
Los Alamos National Bank	3/6/2014	11	1/30/2015	0.40%	250,000.00	115.09	339.95	224.86	250,339.95
			Average rate	**0.37%**	**750,000.00**	**316.49**	**934.81**	**618.32**	**750,934.81**
									-
6-8 months									-
Guadalupe CU	2/28/2014	6	8/27/2014	0.35%	250,000.00	87.50	286.74	199.24	250,286.74
									-
US New Mexico FCU	2/21/2014	6	8/20/2014	0.70%	250,000.00	175.00	773.1	598.10	250,773.10
									-
Los Alamos National Bank	3/6/2014	6	9/2/2014	0.25%	250,000.00	71.92	212.41	140.49	250,212.41
								-	-
Los Alamos National Bank	3/6/2014	7	10/2/2014	0.30%	250,000.00	86.31	254.92	168.61	250,254.92
								-	-
Los Alamos National Bank	3/6/2014	8	11/1/2014	0.30%	250,000.00	86.31	254.92	168.61	250,254.92
			Average rate	**0.38%**	**1,250,000.00**	**507.04**	**1782.09**	**1,275.05**	**1,251,782.09**
									-
1-3 months									-
Sunrise Bank/Grants State Bank	2/21/2014	3	11/21/2014	0.20%	250,000.00	50.03	248.04	198.01	250,248.04
									-
Los Alamos National Bank	3/6/2014	3	7/4/2014	0.20%	250,000.00	57.54	93.19	35.65	250,093.19
								-	-
Los Alamos National Bank	3/6/2014	4	8/3/2014	0.20%	250,000.00	57.54	164.43	106.89	250,164.43
								-	-
Los Alamos National Bank	3/6/2014	5	9/2/2014	0.25%	250,000.00	71.92	212.41	140.49	250,212.41
			Average rate	**0.21%**	**1,000,000.00**	**237.03**	**718.07**	**481.04**	**1,000,718.07**
									-
			Short term Investment		**4,074,199.00**	**1,541.86**	**5,008.27**	**3,466.41**	**4,079,207.27**
			LGIP	0.100433	1,901,293.00	341.18	685.68	344.50	1,901,978.68
					$ 5,975,492.00	**1,883.04**	**5,693.95**	**3,810.91**	**5,981,185.95**



	Amount Invested YTD	Earnings	% of portfolio
LGIP	1,901,978.68	685.68	32%
3-5 month CD	1,000,718.07	718.07	17%
6-8 month CD	1,251,782.09	1,782.09	21%
9-11 month CD	750,934.81	934.81	13%
12 month CD	1,075,772.30	1,573.30	18%
Total	**$ 5,981,185.95**	**5693.95**	

Average Rate of Return	0.325%
Current Quarterly Earnings April-June 2014	3,466.41
Fiscal YTD Earnings	5,693.95
Fiscal YTD Earnings + Investment	**$ 5,981,185.95**

Finance Subcommittee

Meeting May 23, 2014

9:00 a.m.

Board Members Present: *Commissioner Miguel Chavez – Santa Fe County, Leandro Cordova - Taos County (Telephonically), Pete Sheehey – Los Alamos County*

Staff Present: *Anthony Mortillaro – Executive Director and Dalene Lucero – Executive Assistant*

Absent: *Commissioner Barney Trujillo - Rio Arriba County, Tim Vigil – Pueblo of Pojoaque*

Transcribed By: Dalene E. Lucero – Executive Assistant

ROLL CALL

APPROVAL OF AGENDA

CALL TO ORDER

A regular Finance Subcommittee meeting was called to order on the above date by Mr. Anthony Mortillaro at 9: 05 a.m.

ITEMS FOR DISCUSSION/RECOMMENDATION

A. Discussion and Review of FY15 Compensation Plan and Performance Increase Matrix

Mr. Mortillaro gave a brief overview on this item stating that the District had not reviewed its compensation and performance until last year, and because of this, salaries were behind the market rate.

Mr. Mortillaro referenced the pay plan document for non-represented employees. He stated that represented employees were handled separately during the negotiation process.

Mr. Mortillaro then noted that the compensation and classification survey that was done last year also surveyed compensation from represented employees.

Commissioner Chavez asked how that was received and if union representatives provided input based upon the front-end of the survey.

Mr. Mortillaro stated that there was input from both represented and non-represented employees on the front-end of the survey. He noted that the consultant issued a questionnaire that employees were able to respond to anonymously, which was all utilized to establish the new pay plan through the use of a general compensation philosophy.

Mr. Mortillaro went on, stating that so the District would not fall behind again, all non-represented employee' ranges were increased at the top-end of the pay scale by three percent. Therefore the current plan that is recommended is three percent more than the prior years' compensation plan.

Mr. Mortillaro noted that when a range is increased, you may have employees who fall below the new pay range. However, because of how employees have progressed through the pay plan, there were no employees that fell beneath the new proposed ranges.

Mr. Mortillaro proceeded stating that the Human Resources Safety and Risk Administrator's pay range had been moved much higher than when it was first recommended due to recruitment difficulties. He noted that he had been recruiting for the position since it was first approved back in July of 2013, in which it has been a challenge in attracting qualified candidates. Mr. Mortillaro continued stating that there had been a total of several interviews, in fact an offer was made to one individual, in which he sent an email a week prior to his start date stating that he had accepted another position. He then moved on stating that if the next round of recruitment did not work, he would look into hiring a search firm.

Commissioner Chavez asked if the exempt status had anything to do with the difficulty recruiting for this position or if it was based on the salary.

Mr. Mortillaro stated that he did not know if it was salary or whether the local market in attracting qualified individuals is deplete of people who meet those qualifications.

Further discussion went on regarding this item.

Commissioner Chavez moved on and asked if the Board resolution would include specific dollar amounts or would it highlight the three percent increase for each position.

Mr. Mortillaro stated that the resolution would include the new compensation plan and performance increase.

Commissioner Chavez asked why Mr. Mortillaro budgeted 3.5% when the employee range was only to be adjusted by 3%.

Mr. Mortillaro stated that the range was adjusted to match the market rate by 3%. However the 3.5% was budgeted for a merit increase for non-represented employees.

Mr. Cordova then asked if there was ever a possibility for an employee to receive a 6% increase.

Mr. Mortillaro stated that the only way they would is if they were under the pay scale. However, there were no employees that currently fell under their pay range. He then noted that employees above the pay scale would be red circled and would not receive an increase until they fell back within their range; there was only one individual last year that was red circled.

Mr. Mortillaro moved on to the Performance Matrix. He noted that in the past the District's had always used a pay for performance system where employees who

performed would receive an annual increase during their annual employee evaluation, based on what was budgeted for that year. Therefore, the system used in the past was either you performed or you didn't; if you met performance expectations you received whatever was budgeted for that year; employees who didn't meet those expectations did not receive an increase.

Mr. Mortillaro continued, stating that the system did not allow the good performers to receive more than the marginal performers. In FY 14 the matrix provided a 2% increase for those employees that were achieving expectations and 3.5% for those that exceed expectations. For FY 15 the Performance Increase Matrix has been evolved to provide for a further refinement of increases pegged to performance scores. As a result those employees whose score is indicative of truly meritorious performance will receive a greater increase than those whose performance is not as ambitious.

Mr. Mortillaro then stated that the new performance system was based on a point system, which had not been done before. For instance, an employee receiving a score of less than 3.0, which means that they are either partially meeting expectations or in need of improvement will not be eligible for a performance adjustment.

Mr. Mortillaro noted that last years' maximum performance increase was a 3.5%. However, it is recommended that the maximum be increased to 4%. He stated that the District is able to afford this because these increases would not all occur at one time.

Further discussion went on with this item.

It is suggested that the Finance Subcommittee recommend and forward the Compensation Plan and Performance Increase Matrix to the Board for adoption.

Councilor Sheehey made a motion to approve and forward the Compensation Plan and Performance Increase Matrix to the Board for adoption. Commissioner Chavez seconded the motion and it passed by unanimous voice vote (3-0).

B. Minutes from April 25, 2014

Mr. Mortillaro asked the Finance Subcommittee to review and approve the minutes from April 25, 2014.

Commissioner Chavez made a motion to approve the minutes from April 25, 2014 as presented. Councilor Sheehey seconded the motion and it passed by unanimous voice vote (3-0).

MATTERS FROM THE SUBCOMMITTEE

There were none.

ADJOURN

The Finance Subcommittee meeting was adjourned at 9: 37 a.m.

The next Finance Subcommittee meeting will be held on June 27, 2014 at 9:00 a.m.